



March 27, 2024 – Wednesday

## Economy

### Forex reserves rise \$32.9 billion in April-December

Excluding valuation effect, foreign exchange reserves increased \$32.9 billion against a depletion of \$14.7 billion during April-December 2022. Foreign exchange reserves in nominal terms (including valuation effects) increased \$44 billion, as against a decrease of \$44.6 billion in the corresponding period of the preceding year. The valuation gain, reflecting the depreciation of the US dollar against major currencies, lower bond yields and higher price of gold, amounted to \$11.1 billion during April-December 2023 as against a valuation loss of \$29.9 billion during April-December 2022, the RBI said.

<https://economictimes.indiatimes.com/news/economy/finance/forex-reserves-rise-32-9-billion-in-april-december/articleshow/108800057.cms>

### India plans to replace minimum wage by living wages by 2025; Here's what it could mean

India is set to replace its minimum wage system with a living wage by 2025, with the government seeking technical assistance from the International Labour Organization (ILO) to develop a framework for estimating and implementing it, according to reports. The move comes after the ILO endorsed the concept earlier this month, following an agreement reached during a Meeting of Experts on wage policies in February and endorsed by the ILO's governing body on March 13. The shift from minimum wages to living wages is aimed at fast-tracking efforts to lift millions out of poverty and ensure their well-being. India has more than 500 million workers, with 90% in the unorganised sector. While many earn a daily minimum wage of ₹176 or more, the national wage floor, stagnant since 2017, lacks enforceability across states and leads to wage payment discrepancies. This lack of upward movement in wages has led to disparities in wage payments across different states.

<https://economictimes.indiatimes.com/news/how-to/india-plans-to-replace-minimum-wage-by-living-wages-by-2025-heres-what-it-could-it-mean/articleshow/108795967.cms>

### Govt initiatives, growing investment to create more jobs during decade: CEA

Various initiatives from the government and growing investment are going to create more job opportunities during the decade, Chief Economic Advisor (CEA) V Anantha Nageswaran said on Tuesday. The last decade of the century was marked by a decline in capital formation in the economy and moderation in credit growth, he said at an event here. "Hopefully, those things are a thing of the past. Non food credit growth is now running close to 20 per cent, balance sheets of companies and banks are in good shape and hiring (is showing improvement)," he said.

[https://www.business-standard.com/economy/news/govt-initiatives-growing-investment-to-create-more-jobs-during-decade-cea-124032600696\\_1.html](https://www.business-standard.com/economy/news/govt-initiatives-growing-investment-to-create-more-jobs-during-decade-cea-124032600696_1.html)

### India's growth should be led by labour-intensive manufacturing: ILO

There is "no alternative" for India to have growth led by labour-intensive manufacturing at least for the next 10 years to absorb seven-eight million youths who will join the labour force annually, a report jointly prepared by the International Labour Organization (ILO) and Institute for Human Development (IHD) has said. Using official data, it

highlighted the increasing uncertainties in the labour market due to fast-changing technologies, including artificial intelligence (AI).

[https://www.business-standard.com/industry/news/india-s-growth-should-be-led-by-labour-intensive-manufacturing-ilo-124032600945\\_1.html](https://www.business-standard.com/industry/news/india-s-growth-should-be-led-by-labour-intensive-manufacturing-ilo-124032600945_1.html)

### **Raghuram Rajan thinks India making a big mistake believing 'hype' about its growth**

India is making a big mistake believing the “hype” around its strong economic growth since there are significant structural problems that need to be fixed for the country to meet its potential, former central bank Governor Raghuram Rajan said. The biggest challenge a new government must grapple with after elections is improving the education and skills of the workforce, Rajan said in an interview. Without fixing that, India will struggle to reap the benefits of its young population, he said, in a country where more than half of the 1.4 billion population are below the age of 30. “The greatest mistake India can make is to believe the hype,” he said. “We’ve got many more years of hard work to do to ensure the hype is real. Believing the hype is something politicians want you to believe because they want you to believe that we have arrived.” But it would be a “serious mistake for India to succumb to that” belief, he added.

<https://economictimes.indiatimes.com/news/economy/policy/raghuram-rajn-thinks-india-making-a-big-mistake-believing-hype-about-its-growth/articleshow/108785754.cms>

## **Finance**

### **Short-term rates decline amid strong variable rate repo auction demand**

The Reserve Bank of India (RBI) on Tuesday received bids worth Rs 1.52 trillion against a notified amount of Rs 1 trillion at the overnight variable rate repo (VRR) auction. The central bank allotted Rs 1 trillion at a weighted average rate of 6.73 per cent. Liquidity deficit in the banking system widened to Rs 1.22 trillion on Monday, according to the latest data by the RBI. There has been a huge demand at the VRR auctions conducted by the RBI amid liquidity fluctuations in the banking system.

[https://www.business-standard.com/economy/news/short-term-rates-fall-amid-strong-demand-at-variable-rate-repo-auctions-124032600842\\_1.html](https://www.business-standard.com/economy/news/short-term-rates-fall-amid-strong-demand-at-variable-rate-repo-auctions-124032600842_1.html)

### **RBI to limit sharp swings in rupee after slip to record low, say traders**

India's central bank will continue to curb sharp swings in the rupee, traders said, after it fell to a record low on Friday, spurring speculation the Reserve Bank of India (RBI) may be loosening its grip on the currency. Persistent intervention by the RBI in the foreign exchange market over the past several months had dampened exchange rate volatility.

[https://www.business-standard.com/economy/news/rbi-to-limit-sharp-swings-in-rupee-after-slip-to-record-low-say-traders-124032600624\\_1.html](https://www.business-standard.com/economy/news/rbi-to-limit-sharp-swings-in-rupee-after-slip-to-record-low-say-traders-124032600624_1.html)

### **RBI's regulatory clampdown may tighten loan growth next year: S&P Global**

The regulatory clampdown from the Reserve Bank of India (RBI) on several companies in the past few months is likely to limit credit growth in India in 2024-25, according to credit ratings agency S&P Global Ratings. It said that the regulatory actions would ultimately enhance the operational resilience of the system. “India’s regulator has underscored its commitment to strengthening the financial sector,” said S&P Global credit analyst Geeta Chugh. “But the increased regulatory risk could impede growth and raise the cost of capital for financial institutions.”

[https://www.business-standard.com/economy/news/rbi-s-regulatory-clampdown-may-tighten-loan-growth-next-year-s-p-global-124032600488\\_1.html](https://www.business-standard.com/economy/news/rbi-s-regulatory-clampdown-may-tighten-loan-growth-next-year-s-p-global-124032600488_1.html)

### **Banks' NIM to compress 10-20 bps over next two years: Fitch Ratings**

Net interest margins (NIMs) of banks are expected to fall by 10-20 bps over the next two years from the current cyclical peak of 3.6 per cent in 9M FY24 driven by rising funding costs due to greater competition for deposits, normalising liquidity conditions and elevated loan growth.

<https://www.thehindubusinessline.com/money-and-banking/banks-nim-to-compress-10-20-bps-over-next-two-years-fitch-ratings/article67995138.ece>

### **IRDAI notifies series of regulations, tweaks rules on surrender charges**

Insurance regulator IrDAI has notified a host of regulations, including on surrender charges wherein insurers have to disclose such charges upfront. IrDAI (Insurance Products) Regulations, 2024 merge six regulations into a unified framework aimed at enabling insurers to swiftly respond to evolving market demands, enhancing the ease of conducting business, and boosting insurance penetration.

[https://www.business-standard.com/industry/news/irdai-notifies-series-of-regulations-tweaks-rules-on-surrender-charges-124032600598\\_1.html](https://www.business-standard.com/industry/news/irdai-notifies-series-of-regulations-tweaks-rules-on-surrender-charges-124032600598_1.html)

## **Industry**

### **Capital crunch: 51% decline in Q1 2024 startup funding from year-ago period; 27% QoQ drop**

After continuous growth in startup funding in the previous three quarters of 2023, the Indian startup ecosystem saw a slowdown in the first quarter of 2024. According to Tracxn's Geo Quarterly India Tech Report – Q1 2024 (till March 15), \$1.6 billion was invested in the first quarter across 222 rounds, down by 27 per cent from \$2.2 billion in 291 rounds in Q4 2023. In Q3 last year, \$1.9 billion was invested in 269 rounds and \$1.6 billion was invested across 360 rounds in Q2.

<https://www.financialexpress.com/business/sme/capital-crunch-51-decline-in-q1-2024-startup-funding-from-year-ago-period-27-qoq-drop/3437024/>

### **Consumer durable firms expect 25% sales boost this summer**

The country's leading appliance makers are expecting at least a 20%-35% increase in sales of refrigerators and air conditioners (ACs) this summer season. After having witnessed sluggish demand in the last two years, industry leaders told FE that they are hopeful of a hotter summer to boost sales this year. According to the India Meteorological Department (IMD), "the summer months of March to May are likely to be hotter than usual across most of the country". It has predicted El Nino conditions to persist for most of this period, which could in turn result in a higher number of heatwave days.

<https://www.financialexpress.com/business/industry-consumer-durable-firms-expect-25-sales-boost-this-summer-3437499/>

### **FDI into I&B sector drops 78% to ₹332 cr in Dec qtr**

The foreign direct investment (FDI) inflow into the information and broadcasting (I&B) sector, including print media, dropped 78% to ₹332 crore during Q3 of FY24 compared with ₹1,535 crore in the corresponding period last year. According to data published by the Department for Promotion of Industry and Internal Trade (DPIIT), the sector received FDI worth ₹6,390 crore in the first nine months of FY24, compared to ₹2,925 crore in the same period in FY23. The FDI inflow into the sector stood at ₹4,893 crore and ₹1,165 crore in Q1 and Q2 of FY24, respectively.

<https://economictimes.indiatimes.com/industry/banking/finance/fdi-into-ib-sector-drops-78-to-332-cr-in-dec-qtr/articleshow/108800047.cms>

### **India needs to double down on electronics manufacturing: Tata Electronics chairman**

India has slowed down on the manufacturing front and needs to double down on electronics manufacturing services (EMS)-designing, manufacturing, testing components and assemblies for original equipment manufacturers, Tata Electronics Chairman Banmali Agrawala said. During a conversation with Vinay Ramesh, COO at the Foundation for Economic Development, Agrawala said India has gone 'slow' on the manufacturing front and needed to ensure that the sector, which accounts for 13-15 per cent of India's GDP, has a much larger share as it will create better-paying jobs. "Our share in the global trade in manufacturing is negligible, so there is ample room for growth. Electronics, on its own, has a global trade worth USD 5 trillion. Given the pace of digitalisation the world over, it is only going to grow, and this is something India should be after," Agrawala said, adding that India's domestic consumption is not going to be enough to be able to achieve sustained economic growth.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/india-needs-to-double-down-on-electronics-manufacturing-tata-electronics-chairman/articleshow/108797164.cms>

## **Agriculture**

### **Govt's wheat stocks fall to 16-year low, 30-32 MT of procurement target for the season**

Wheat stocks in the central pool fell to a 16-year low of 7.73 million tonne (MT) due to low procurement for the last two years, and aggressive sale of grains in the open market by Food Corporation of India (FCI) this fiscal. Sources told FE that the stocks are likely to be precariously close to the buffer of 7.46 MT for April 1. The last time wheat stocks were below the current levels was way back in 2008. It had then dropped to 5.8 MT on April in that year.

<https://www.financialexpress.com/policy/economy-govts-wheat-stocks-fall-to-16-year-low-30-32-mt-of-procurement-target-for-the-season-3437424/>

### **Govt to purchase 0.5 MT of onion for buffer**

The government has directed National Cooperative Consumers Federation (NCCF) and farmers' cooperative Nafed to initiate procurement of 0.5 million tonne (MT) of onion at market price for the buffer from the farmers as rabi harvest has started to arrive in the market. The department of consumer affairs directed the two agencies to pre-register the farmers for ensuring direct cash payment to farmers' bank accounts. This follows the government's decision to extend the ban on exports on onion indefinitely last week which is expected to bring down the mandi prices of the key vegetable.

<https://www.financialexpress.com/policy/economy-govt-to-purchase-0-5-mt-of-onion-for-buffer-3437497/>

### **Fertiliser sales rise 3% to 58 million tonnes in Apr-Feb of FY24**

Sales of key fertilisers in the 11 months of the current fiscal up to February are up by 3 per cent at 57.57 million tonnes (mt) mainly on higher usage of DAP and complex varieties while urea consumption has been stagnant, according to official data. However, except MoP, imports of all other fertilisers were lower during April-February of 2023-24.

<https://www.thehindubusinessline.com/economy/agri-business/fertiliser-sales-rise-3-to-58-million-tonnes-in-apr-feb-of-fy24/article67995207.ece>

## **Infrastructure**

### **Under-construction housing prices rise 30.6% in January-March**

Prices of under-construction residential projects across top 13 property markets of India have risen 30.6% year-on-year between January and March led by a surge in demand, showed the latest PropIndex report by Magicbricks. Sequentially, the demand for under-construction properties rose 7.8% during the quarter leading to 1.7% price growth. Cities such as Noida and Greater Noida saw on-quarter price rise of 7.1% and 6.1%, respectively, while Bengaluru and Mumbai each witnessed 5.7% sequential price growth. "Historically, homebuyers have often favoured completed projects over new developments. But against the backdrop of increasing residential prices in 2023, there emerged a discernible shift in preference towards relatively more affordable under-construction properties. Consequently, prices of under-construction properties are on the rise as well," said Abhishek Bhadra, head of research, Magicbricks.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/under-construction-housing-prices-rise-30-6-in-january-march/articleshow/108799770.cms>

### **Realtors home in on religious cities to build business**

Religious cities across India are becoming a hotbed for property development, fuelled by a rise in spiritual tourism. Cities like Ayodhya, Varanasi, Vrindavan, Haridwar and Tirupati are seeing developers from Delhi and Mumbai acquire land and launch residential projects. "Cities with religious significance consistently attract home buyers, both local residents, and outsiders, for various purposes including personal use and investment. These cities are often chosen not only for their spiritual appeal but also as potential retirement destinations," said Aman Sarin, director and chief executive officer, Anant Raj.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/realtors-home-in-on-religious-cities-to-build-business/articleshow/108799806.cms>

## **Energy**

### **GAIL to commission its first green hydrogen project in April, sources say**

State-run natural gas company GAIL (India) Ltd plans to commission its first green hydrogen project in central India in April, three company sources said. The 10-megawatt proton exchange membrane electrolyser for the green-hydrogen producing unit at the Vijaipur complex in Madhya Pradesh state has been imported from Canada, they added.

<https://www.financialexpress.com/business/industry-gail-to-commission-its-first-green-hydrogen-project-in-april-sources-say-3436912/>

#### **Discoms improve renewable energy purchase compliance**

Record-low prices of renewable energy certificates (RECs) on power exchanges have empowered power distribution companies (discoms) to enhance compliance with their renewable purchase obligations (RPOs) in the current financial year. In the last trading session on March 13, REC prices hit an all-time low on the Indian Energy Exchange, dropping to Rs 300 per certificate, compared to the previous floor of Rs 1,000. The upcoming trading session is scheduled for March 26.

<https://www.financialexpress.com/business/industry-discoms-improve-renewable-energy-purchase-compliance-3436430/>

#### **Solar module duty sop under ALMM may not continue after March 31**

India is unlikely to further extend exemption provided from a condition for import of solar module import called the approved list of module manufacturers (ALMM), beyond March 31, people aware of the development said. The Ministry of New and Renewable Energy, in a meeting with solar project developers and module manufacturers Tuesday, took a stock of the capacity additions and commissioning timelines, one of the persons said, adding that overall view was that a further relaxation is not required as adequate time had been given to the industry. A final call on the issue would be taken shortly after taking into account all considerations, another person said, adding that some concession for commissioning could be given for modules that have reached the site before March end.

<https://economictimes.indiatimes.com/industry/renewables/solar-module-duty-sop-under-alm-may-not-continue-after-march-31/articleshow/108799960.cms>

### **Telecom**

#### **Centre plans to geotag Telecom infrastructure**

The government is planning to geo-tag key telecom infrastructure, including telecom towers and optical fibre cables, to facilitate coordination, particularly in disaster situations. The mapping of telecom infrastructure will also facilitate setting up of other developmental projects across the country, officials aware of the development told ET. "We are working to geo-tag communication infrastructure across the country by 2027," said one of the officials cited earlier. For this, the Department of Telecommunications (DoT) will coordinate with other ministries and state governments so that data can be shared in facilitating setting up of other projects, which require telecom infrastructure as the backbone.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/centre-plans-to-geotag-telecom-infrastructure/articleshow/108800044.cms>

#### **5G speeds up, gender gap in mobile money awareness still loading: Report**

India has witnessed a mobile revolution in recent years, particularly with one of the fastest 5G networks globally. However, there exists a clear gender gap in India regarding the awareness of mobile money accounts, a key financial tool for achieving financial inclusion. According to an annual face-to-face consumer survey conducted by Global System for Mobile Communications Association (GSMA) across seven low- and middle-income countries in 2023, adult women in India with phones exhibit the lowest awareness of mobile money accounts. Besides India, the surveyed countries include Bangladesh, Indonesia, Kenya, Nigeria, Senegal, and Pakistan.

[https://www.business-standard.com/industry/news/5g-speeds-up-gender-gap-in-mobile-money-awareness-still-loading-report-124032601028\\_1.html](https://www.business-standard.com/industry/news/5g-speeds-up-gender-gap-in-mobile-money-awareness-still-loading-report-124032601028_1.html)

### **External**

### **India's current account deficit narrowed to 1.2% of GDP in Q3: RBI data**

Current account deficit (CAD) narrowed sequentially to \$10.5 billion in the quarter ended December 2023 (Q3 FY24) — 1.2 per cent of gross domestic product (GDP) — from \$11.4 billion in Q2 FY24 (1.3 per cent of GDP). The deficit was also down from \$16.8 billion or 2 per cent of GDP in the year-ago period (Q3 FY23). Reserve Bank of India (RBI) data showed that the rise in net services receipts more than compensated for a slight rise in merchandise trade deficit in Q3 FY24. This helped cushion the CAD.

[https://www.business-standard.com/economy/news/india-s-cad-narrows-to-1-2-of-gdp-in-q3fy24-from-2-q3fy23-rbi-124032600935\\_1.html](https://www.business-standard.com/economy/news/india-s-cad-narrows-to-1-2-of-gdp-in-q3fy24-from-2-q3fy23-rbi-124032600935_1.html)

### **Key India peers see sharper growth in services trade, shows data**

A number of countries have recorded faster growth in services exports than India. India's services exports increased by 14 per cent between the third quarter of 2022 and Q3 of 2023, according to the Global Trade Update by the United Nations Conference on Trade and Development (UNCTAD) released recently. The growth in imports was 5 per cent. Brazil and South Africa among emerging markets and Japan among advanced ones recorded higher growth in services exports at 16 per cent each. Next was India, followed by the United States (9 per cent) and European Union (5 per cent).

[https://www.business-standard.com/economy/news/key-india-peers-see-sharper-growth-in-services-trade-shows-data-124032600840\\_1.html](https://www.business-standard.com/economy/news/key-india-peers-see-sharper-growth-in-services-trade-shows-data-124032600840_1.html)

### **India's engineering exports to Russia doubled till February in FY24: EEPC**

India's engineering exports to Russia doubled to \$1.22 billion till February during the 2023-24 fiscal, Engineering Export Promotion Council (EEPC) of India said on Tuesday. The shipments to the country stood at \$616.68 million in the previous fiscal, it said. The exports to the US dipped seven per cent year-on-year to \$15.95 billion during this period, EEPC said in a statement. In case of China, engineering shipments to that country saw a marginal decline to \$2.38 billion from \$2.40 billion in the period under review, it said.

[https://www.business-standard.com/industry/news/india-s-engineering-exports-to-russia-doubled-till-february-in-fy24-eepe-124032600653\\_1.html](https://www.business-standard.com/industry/news/india-s-engineering-exports-to-russia-doubled-till-february-in-fy24-eepe-124032600653_1.html)

### **'Rice exports at risk as exporters get huge tax demand notice from customs'**

Indian exporters have received notices from the customs department demanding payment of duty differentials on rice exported in the last 18 months, four exporters told Reuters, a rare tax demand that could cripple rice shipments from India. The world's biggest rice exporter imposed a 20% export duty on white rice in September 2022, followed by a similar duty on parboiled rice in August 2023 to control domestic rice prices ahead of key 2024 state and national elections.

[https://www.business-standard.com/industry/news/rice-exports-at-risk-as-exporters-get-huge-tax-demand-notice-from-cutoms-124032601119\\_1.html](https://www.business-standard.com/industry/news/rice-exports-at-risk-as-exporters-get-huge-tax-demand-notice-from-cutoms-124032601119_1.html)

### **Govt initiates anti-dumping probe into import of aluminium foil from China**

India has initiated an anti-dumping probe into the import of aluminium foil, used as a packaging material for conservation and preservation of edible and food products, from China following a complaint by domestic players. The commerce ministry's investigation arm, Directorate General of Trade Remedies (DGTR), is probing the alleged dumping of aluminium foil.

[https://www.business-standard.com/industry/news/govt-initiates-anti-dumping-probe-into-import-of-aluminium-foil-from-china-124032600186\\_1.html](https://www.business-standard.com/industry/news/govt-initiates-anti-dumping-probe-into-import-of-aluminium-foil-from-china-124032600186_1.html)

### **Red Sea crisis: Adverse impact on trade data to be substantial in new fiscal; Asia, Africa, Europe to face most disruption, says GTRI**

The Red Sea crisis is expected to adversely impact trade volumes in a substantial way in 2024, said a report by GTRI, adding that rising shipping, and insurance costs, delayed arrival of shipments will continue to disrupt global value chains, squeeze margins and make exports of many low margin products unviable from current locations. Countries like Asia, Africa and Europe will face the most disruption across industries. Started in a major way on October 19, 2023, the Red Sea crisis is in its fifth month now.

<https://www.financialexpress.com/policy/economy-red-sea-crisis-trade-volumes-to-be-adversely-impacted-in-new-fiscal-asia-africa-and-europe-to-face-most-disruption-says-gtri-3437297/>

#### **Exporters work on product identification problems under UK's replacement scheme for GSP**

The UK government's decision to replace the popular Generalised Scheme of Preferences (GSP) programme, which offered import duty concessions to developing nations and LDCs for certain items, with the "simpler and more generous" Developing Countries Trading Scheme (DCTS) has resulted in some inadvertent confusion for Indian exporters as product description under the new scheme is different from one used by India for exports, sources have said. Efforts are now on by the exporters' body Federation of Indian Export Organisations (FIEO) to match the products by drawing equivalents so that there is clarity for exporters on the items being referred to under the new scheme, a source tracking the matter told businessline. "It is important for Indian exporters to sort out technical issues related to product identification under the DCTS as India's exports worth an estimated \$2.5 billion annually were entitled for the GSP benefit in the UK," the source said. The scheme is intended to benefit labour-intensive sectors such as leather, carpets, chemicals, iron and steel and textiles.

<https://www.thehindubusinessline.com/economy/exporters-work-on-product-identification-problems-under-uks-replacement-scheme-for-gsp/article67994467.ece>